

September 20, 2021

To: Members of the Budget and Finance Committee 202102814

From: Paula Boggs Muething, City Manager

**Subject: Emergency Ordinance – FY 2021 Year-End Report
Recommended Transfers and Appropriations (B Version)**

Attached is an Emergency Ordinance captioned:

PROVIDING for potential income tax refund claims for calendar year 2021 based on state legislation authorizing such refund claims for taxpayers whose employers withheld municipal income tax for the City of Cincinnati even though the underlying income may not be taxable by the City of Cincinnati due to work location during calendar year 2021 by notwithstanding the provisions of Sections 14, 15, and 16 of Ordinance No. 0213-2019, which amended the policy of managing the Stabilization Funds for the City of Cincinnati and established the Waterfall Funding Mechanism for funding the Stabilization Funds, to establish a new balance sheet reserve account no. 050x3421, “Income Tax Reserve for Refunds,” within the General Fund 050 and to authorize the transfer of funds to the newly established “Income Tax Reserve for Refunds” balance sheet reserve account; **AUTHORIZING** the transfer of the sum of \$50,015,389 from the unappropriated surplus of General Fund 050 to balance sheet reserve account no. 050x3421, “Income Tax Reserve for Refunds,” for the purpose of providing resources for income tax refunds to taxpayers whose employers withheld municipal income tax for the City of Cincinnati even though the underlying income may not be taxable by the City of Cincinnati due to work location during calendar year 2021; **AUTHORIZING** the transfer of the sum of \$3,162,738 from the unappropriated surplus of General Fund 050 to the unappropriated surplus of Working Capital Reserve Fund 754 for the purpose of increasing the City’s working capital reserve; **AUTHORIZING** the transfer of the sum of \$3,258,579 from the unappropriated surplus of General Fund 050 to balance sheet reserve account no. 050x2585, “Economic Downturn Reserve,” for the purpose of increasing the City’s emergency reserve; **AUTHORIZING** the transfer of the sum of \$4,397,435 from the unappropriated surplus of General Fund 050 to balance sheet reserve account no. 050x2580, “Reserve for Weather Events, Other Emergency and One-Time Needs,” for the purpose of providing resources for unanticipated emergencies including those caused by unusual weather events, in order to increase the City’s reserve; **AUTHORIZING** the appropriation of the sum of \$1,062,737 from the unappropriated surplus of General Fund 050 to the various General Fund operating budget accounts according to the attached

Section A of the General Fund Operating Budget Schedule of Appropriation for the purpose of providing funds for: the Department of Human Resources for sworn testing (\$45,237) and the HR Centralization Initiative (\$102,500); the Department of Parks for a mower and other maintenance equipment (\$22,000); the Cincinnati Police Department for records management software to be used in conjunction with the Law Department (\$85,000); the City Manager's Office for leveraged support to the Chamber of Commerce – Immigration Center Partnership (COMPASS) (\$50,000), funding for the Manager's Advisory Group (MAG) for a Youth Violence Reduction Initiative (\$200,000), funding for the Cincinnati Citizens Respect Our Witnesses (CCROW) program (\$208,000), and funding for Equitas Health for a Mobile Outreach Vehicle (MOVE) to provide for the health care needs of those living with HIV or at risk of HIV transmission (\$100,000); and the Department of Public Services for a safe and clean neighborhood fund (\$250,000); AUTHORIZING the transfer and return to source Fund 758 of the sum of \$525,000 from various capital improvement program project accounts according to the attached Section A of the Capital Budget Schedule of Transfer for the purpose of realigning the expenditures sought within the various scopes of work associated with certain projects to utilize operating budget resources as opposed to capital resources; ESTABLISHING new capital improvement program project account no. 980x164x221616, "King Records Building Restoration," for the purpose of providing resources to preserve, restore, and renovate the former King Records building in the Evanston neighborhood; AUTHORIZING the transfer and appropriation of the sum of \$1,000,000 from the unappropriated surplus of General Fund 050 and Income Tax Capital Fund 758 to new capital improvement program project account no. 980x164x221616, "King Records Building Restoration," for the purpose of providing resources to preserve, restore, and renovate the former King Records building in the Evanston neighborhood according to the attached Section B of the Capital Budget Schedule of Transfer; DECLARING expenditures from capital improvement program project account no. 980x164x221616, "King Records Building Restoration," to be for a public purpose; AUTHORIZING the appropriation of the sum of \$525,000 from the unappropriated surplus of General Fund 050 to the various General Fund operating budget accounts according to the attached Section B of the General Fund Operating Budget Schedule of Appropriation for the purpose of realigning the expenditures sought within the various scopes of work associated with certain projects to utilize operating budget resources instead of capital resources; ESTABLISHING new capital improvement program project account no. 980x164x221606, "Cincinnati Contemporary Arts Center," for the purpose of providing resources to renovate the 6th floor Creativity Center at the Contemporary Arts Center; AUTHORIZING the transfer and appropriation of the sum of \$100,000 from the unappropriated surplus of General Fund 050 to new

capital improvement program project account no. 980x164x221606, “Cincinnati Contemporary Arts Center” for the purpose of providing resources to renovate the 6th floor Creativity Center at the Contemporary Arts Center; DECLARING expenditures from capital improvement program project account no. 980x164x221606, “Cincinnati Contemporary Arts Center,” to be for a public purpose; ESTABLISHING new capital improvement program project account no. 980x232x222353, “Central Parkway Streetscape,” for the purpose of providing resources for the design and construction of streetscape improvements on Central Parkway in the area of the FC Cincinnati stadium; AUTHORIZING the transfer and appropriation of the sum of \$1,000,000 from the unappropriated surplus of the General Fund to new capital improvement program project account 980x232x222353, “Central Parkway Streetscape,” for the purpose of providing resources for the design and construction of streetscape improvements on Central Parkway in the area of the FC Cincinnati stadium; ESTABLISHING new capital improvement program project account no. 980x203x222009, “Freedom Center Park,” for the purpose of providing resources for the design and construction of improvements to the park located adjacent to the Freedom Center; AUTHORIZING the transfer and appropriation of the sum of \$1,000,000 from the unappropriated surplus of Downtown South/Riverfront Equivalent Fund 481 to new capital improvement program project account no. 980x203x222009, “Freedom Center Park,” for the purpose of providing resources for Freedom Center Park at the Banks; and DECLARING expenditures from capital improvement program project account no. 980x203x222009, “Freedom Center Park,” to be for a public purpose and constitute a “Public Infrastructure Improvement” (as defined in Section 5709.40(A)(8) of the Ohio Revised Code), that will benefit and/or serve the District 2-Downtown South/Riverfront District Incentive District, subject to compliance with Ohio Revised Code Sections 5709.40 through 5709.43.

The original version of this Emergency Ordinance (Item #202102757) incorrectly referred to the newly established Income Tax Reserve for Refunds as one of the City’s Stabilization Funds. The B Version of this Emergency Ordinance corrects that error.

This Emergency Ordinance would authorize the various transfers and appropriations as recommended in the FY 2021 Carryover to FY 2022 Report Item #202102726 which includes the following transfers and appropriations:

Application of FY 2021 Carryover Balance

Cash Basis Carryover Balance FY 2021	\$	71,239,421
Uses of Carryover Balance		
Less Transfer to Reserve for 30% Income Tax Reserve for Refunds	\$	50,015,389
Application of Stabilization Funds Policy:		
Less General Fund Carryover Balance (1.5% of operating revenue)	\$	7,242,543
Less Transfers to Reserve Accounts:		
General Fund Contingency Account (2.00% of operating revenue)	\$	4,397,435
Economic Downturn Reserve (5.00% of operating revenue)	\$	3,258,579
Working Capital Reserve (8.2% of operating revenue)	\$	<u>3,162,738</u>
Total Reserve Transfer from Stabilization Funds Policy	\$	<u>10,818,752</u>
Carryover Balance Less Total Applied to Stabilization Funds Policy	\$	3,162,737
Less One-Time Uses:		
Human Resources Sworn Testing	\$	45,237
Parks Mower and Other Maintenance Equipment	\$	22,000
Police and Law: Records Management Software	\$	85,000
Assorted Capital Projects Shifted to the Operating Budget (OES/DOTE/Planning)	\$	251,600
DCED Capital Projects Shifted to the Operating Budget	\$	273,400
Chamber of Commerce - Immigration Center Partnership (COMPASS)	\$	50,000
Central Parkway Streetscape	\$	1,000,000
Safe and Clean Neighborhood Fund	\$	250,000
Manager's Advisory Group (MAG) Youth Violence Reduction Initiative	\$	200,000
Human Resources HR Centralization Initiative	\$	102,500
Cincinnati Contemporary Arts Center (CAC) Creativity Center Renovations	\$	100,000
King Records	\$	475,000
Equitas Health Mobile Outreach Vehicle (MOVe) Initiative	\$	100,000
Cincinnati Citizens Respect Our Witnesses (CCROW)	\$	<u>208,000</u>
Balance Available	\$	-
Capital Budget Resources Available Due to Swaps		
Assorted Capital Projects Shifted to the Operating Budget (OES/DOTE/Planning)	\$	251,600
DCED Capital Projects Shifted to the Operating Budget	\$	<u>273,400</u>
Balance Available	\$	525,000
Less One-Time Uses:		
King Records	\$	<u>525,000</u>
Balance Available	\$	-

Additionally, this Emergency Ordinance also authorizes the establishment of new capital improvement program project account no. 980x203x222009, "Freedom Center Park," for the purpose of providing resources for the design and construction of improvements to the park located adjacent to the Freedom Center. The project will be funded by the transfer and appropriation of \$1,000,000 from the unappropriated surplus of Downtown South/Riverfront Equivalent Fund 481.

Additional information regarding the overview of the City of Cincinnati's financial condition for the fiscal year (FY) ending June 30, 2021, can be found in the Department of Finance Reports for the Fiscal Year Ended June 30, 2021 (unaudited) Item #202102725.

The reason for the emergency is the immediate need to accomplish the authorized transfers and appropriations so that the funding described herein is in place immediately and so that the necessary expenditures described herein may be made as soon as possible.

The Administration recommends passage of this Emergency Ordinance.

cc: William "Billy" Weber, Assistant City Manager
Andrew M. Dudas, Budget Director
Karen Alder, Finance Director

Attachments